



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC CHAIRMAN ANNOUNCES *MONEY SMART* ALLIANCE PROGRAM TO PROMOTE FINANCIAL EDUCATION IN UNDERSERVED COMMUNITIES ASSETS

FDIC Chairman Don Powell today announced the formation of an alliance program designed to increase financial literacy in communities where it is most needed.

"Today I want to announce the creation of the *Money Smart* Alliance Program," Powell said. "Building on our existing partnerships, the FDIC is setting an aggressive goal of establishing partnerships with 1,000 organizations and institutions, in all 50 states, to distribute 100,000 copies of our *Money Smart* financial education curriculum and expose one million consumers to our financial education program over the next five years."

Speaking before a meeting of the National Association of Affordable Housing Lenders, Powell stressed that financial education — particularly of those who are outside the financial mainstream — is a matter of critical importance both to regulators and the American people as a whole.

"Currently, millions of Americans do not have a banking relationship with any traditional financial institution. These 'unbanked' — estimated at anywhere from 10 to 13 percent of U.S. households — are primarily low to moderate income, minorities, and/or recent immigrants," Powell said. "There is also a deep divide along educational lines."

"There are scores of financial education curricula available today, but *Money Smart* is uniquely designed to address the needs of low- and moderate-income people and bring them into healthy banking relationships," Powell said. "I see *Money Smart* as a tool kit to help folks begin building a more secure financial future for themselves."

"Of course, the existence of unbanked households is not new," said Powell. "What is new is an agreement among the public and private sectors that improving access to affordable and convenient financial services is good public policy."



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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Powell said that the FDIC made a decision to develop a financial education product called *Money Smart* after holding forums on predatory lending nationwide. Forum attendees included bankers, community leaders, city and state officials, and local residents. Participants identified problems in their particular area and recommended solutions ranging from more legislation to better enforcement of existing regulations.

"But there was one recommended solution that remained constant no matter where we went or who we talked to," said Powell. "That recommendation was consumer education — equipping consumers to help themselves."

The *Money Smart* financial education curriculum was introduced in the summer of 2001. Since then model programs have been established under FDIC guidance in the agency's Atlanta, Kansas City, San Francisco, and Chicago regions.

In addition, partnerships have been established with the Department of Labor's One-Stop Centers, the Neighborhood Reinvestment Corporation, Operation Hope, the Office of the White House Initiative on Asian Americans and Pacific Islanders, the Mississippi Housing Initiative, the IRS's Voluntary Income Tax Assistance (VITA) centers, the Texas Cooperative Extension, the Georgia Community Bankers Association, Korean Churches for Community Development, and the National Coalition for Asian Pacific American Community Development, among others.

Powell outlined ten features that have made *Money Smart* popular:

- *Money Smart* was designed by educational experts;
- It is easy to teach and easy to learn;
- It is targeted to low- and moderate-income adults;
- It was designed to be flexible; it can be taught in its entirety, or specific modules can be used to fill in the gaps in other financial education programs;
- It carries the FDIC seal;
- It is not copyrighted, thus encouraging reproduction and wide dissemination;
- It is designed to move adults into healthy banking relationships;
- Banks can receive Community Reinvestment Act (CRA) credit for their involvement in offering *Money Smart* in their communities;
- It is currently available in English and Spanish; Korean and Chinese versions are now being tested; and
- It is free to users.

"*Money Smart* combines many pluses in one easy-to-use package," said Powell. "But the product is only useful if it gets where it needs to go — into the communities that need it.

"That is why we are rolling out the *Money Smart* Alliance Program," Powell told the group. "Working together, we can reach the unbanked and underserved population in

ways we never dreamed before, to help build strong communities and not only to attain, but to sustain the American dream."

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Attachment:

Remarks by Don Powell Chairman Federal Deposit Insurance Corporation before the National Association of Affordable Housing Lenders 2002 Industry Conference New York, New York June 13, 2002